

# Wyoming Severance Taxes and Federal Mineral Royalties:

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# 2009 Wyoming mineral production:

- 2009 oil production: 51.3 million barrels (ranked 8<sup>th</sup> in U.S.)
- 2009 natural gas production: 2.5 billion mcf (ranked 2<sup>nd</sup> in U.S.)
- 2009 coal production: 431.4 million tons (ranked 1<sup>st</sup> in U.S.)

# There are two production taxes on all Wyoming mineral production

- Both taxes are assessed based on taxable value of mineral production assessed at the point of valuation.
  - Point of valuation is the point where the production process is complete, but before processing or transportation.
- State severance tax – Administered and collected by Wyoming Department of Revenue.
  - Severance tax is assessed on the taxable value of the current year's production.
- County gross products tax – Ad valorem property tax based on taxable value of previous year's production.
  - Taxable value assessed by Department of Revenue and certified to appropriate county and tax district.
  - Counties bill and collect this ad valorem property tax directly from mineral taxpayers based on certified taxable value and applicable tax district mill levy.

# Wyoming's severance tax

- Administered by the Wyoming Dept. of Revenue, Mineral Tax Division (17 full-time employees).
- Mineral taxpayers are required to report and remit severance taxes monthly, based on the taxable value of the current period's production.
- There is currently a total of 1,090 severance tax filers.
  - Taxpayers with an annual severance tax liability of less than \$30,000 may file annually. There are currently 496 annual filers.
- \$878.7 million in severance taxes distributed in FY 2009.
- The operator of the property (party responsible for day-to-day operation) is responsible for the reporting and remittance of severance taxes, with one exception.
  - Oil and gas interest owners electing to take their share of production in-kind are responsible for the reporting and remittance of severance taxes on their share.

# Current severance tax rates and effective tax rates

- Severance tax rates are applied to the taxable value of the current period's mineral production at the point where the production process is complete, before processing and transportation.
- Current severance tax rates and effective tax rates\*

	<b>current severance tax rate</b>	<b>effective tax rate*</b>
<b>Crude Oil</b>	6.00%	5.43%
<b>Stripper Oil</b>	4.00%	3.62%
<b>Natural Gas</b>	6.00%	4.65%
<b>Surface Coal</b>	7.00%	5.08%
<b>Underground Coal</b>	3.75%	3.08%
<b>Trona</b>	4.00%	1.22%
<b>Uranium</b>	4.00%	1.80%

\*Effective tax rates based on current severance tax rates and forecasted assessed value percentages from January 2010 Consensus Revenue Estimated Group (CREG) forecast.

Mineral Severance Taxes to All Accounts  
Fiscal Year Distribution by Mineral

Fiscal Year	Crude Oil	Natural Gas	Coal	Trona	Others	Total
Historical:						
2002	\$54,598,527	\$128,073,614	\$109,711,373	\$6,012,061	\$1,038,386	\$299,433,961
2003	\$68,127,067	\$229,972,369	\$122,317,716	\$7,539,180	\$1,169,890	\$429,126,222
2004	\$71,557,596	\$349,664,757	\$133,353,154	\$7,758,262	\$1,233,159	\$563,566,928
2005	\$101,130,974	\$465,857,637	\$148,945,690	\$9,095,299	\$1,627,254	\$726,656,854
2006	\$133,837,369	\$673,431,324	\$180,844,372	\$9,776,115	\$3,187,738	\$1,001,076,918
2007	\$137,514,018	\$498,622,081	\$212,470,401	\$12,767,389	\$2,425,031	\$863,798,920
2008	\$214,996,247	\$625,637,562	\$235,891,670	\$14,773,518	\$2,653,014	\$1,093,952,011
2009	\$141,647,794	\$449,899,561	\$269,581,844	\$15,305,039	\$2,218,924	\$878,653,162
Projected:						
2010	\$128,200,000	\$311,200,000	\$239,100,000	\$13,300,000	\$2,300,000	\$694,100,000
2011	\$137,400,000	\$353,900,000	\$210,100,000	\$11,900,000	\$2,500,000	\$715,800,000
2012	\$152,100,000	\$446,100,000	\$201,200,000	\$12,000,000	\$2,600,000	\$814,000,000
2013	\$171,800,000	\$541,600,000	\$208,800,000	\$12,100,000	\$2,600,000	\$936,900,000
2014	\$190,300,000	\$615,200,000	\$222,200,000	\$12,300,000	\$2,600,000	\$1,042,600,000

Information taken from Table 6 of January 2010 Consensus Revenue Estimating Group (CREG) forecast.

# History of Wyoming's severance tax

- Wyoming's severance tax was enacted in 1969, with a 1% severance tax rate on all mineral production. Severance tax was based on the valuation of prior year's production, with payment due on July 1.
- The Permanent Wyoming Mineral Trust Fund (PWMTF) was created by constitutional amendment in 1974.
  - Article 15, section 19 requires a 1.5% severance tax on oil, natural gas, coal, and other minerals designated by the legislature to be deposited to the PWMTF.
- Severance tax rates have been increased through the years to provide an earmarked source of revenue from the severance tax on specified minerals to fund various accounts, programs, and entities, including water development, highway funding, local governments, capital facilities, and general government operations.
- Severance tax rates have also been decreased through the years to provide economic relief or economic incentive to Wyoming's mineral industries.
- Severance tax assessment changed from being assessed on prior year production to being assessed on current year production in 1981.

## History of Wyoming severance tax rates - production years 1968 through 2010

Production Year	Crude Oil	Stripper Oil	Tertiary Oil	Wildcat Oil	Collection Oil	new well Oil	Workover recompletion Oil	renewed Oil	Natural Gas	Wildcat Gas	Collection Gas	new well Gas	Workover recompletion Gas	Surface Coal	Under-ground Coal	Trona	Uranium	Misc. Minerals
1968	1.0%	1.0%	1.0%	1.0%	1.0%				1.0%	1.0%	1.0%			1.0%	1.0%	1.0%	1.0%	1.0%
1969	1.0%	1.0%	1.0%	1.0%	1.0%				1.0%	1.0%	1.0%			1.0%	1.0%	1.0%	1.0%	1.0%
1970	1.0%	1.0%	1.0%	1.0%	1.0%				1.0%	1.0%	1.0%			1.0%	1.0%	1.0%	1.0%	1.0%
1971	1.0%	1.0%	1.0%	1.0%	1.0%				1.0%	1.0%	1.0%			1.0%	1.0%	1.0%	1.0%	1.0%
1972	1.0%	1.0%	1.0%	1.0%	1.0%				1.0%	1.0%	1.0%			1.0%	1.0%	1.0%	1.0%	1.0%
1973	3.0%	1.0%	3.0%	3.0%	3.0%				3.0%	3.0%	3.0%			3.0%	3.0%	3.0%	1.0%	1.0%
1974	4.0%	2.0%	4.0%	4.0%	4.0%				4.0%	4.0%	4.0%			4.4%	4.4%	4.0%	2.0%	2.0%
1975	4.0%	2.0%	4.0%	4.0%	4.0%				4.0%	4.0%	4.0%			4.8%	4.8%	4.0%	2.0%	2.0%
1976	4.0%	2.0%	4.0%	4.0%	4.0%				4.0%	4.0%	4.0%			9.7%	9.7%	5.5%	5.5%	2.0%
1977	4.0%	2.0%	4.0%	4.0%	4.0%				4.0%	4.0%	4.0%			10.1%	10.1%	5.5%	5.5%	2.0%
1978	4.0%	2.0%	4.0%	4.0%	4.0%				4.0%	4.0%	4.0%			10.5%	10.5%	5.5%	5.5%	2.0%
1979	4.0%	2.0%	4.0%	4.0%	4.0%				4.0%	4.0%	4.0%			10.5%	10.5%	5.5%	5.5%	2.0%
1981	6.0%	4.0%	6.0%	6.0%	6.0%				6.0%	6.0%	6.0%			10.5%	10.5%	5.5%	5.5%	2.0%
1982	6.0%	4.0%	6.0%	6.0%	6.0%				6.0%	6.0%	6.0%			10.5%	10.5%	5.5%	5.5%	2.0%
1983	6.0%	4.0%	6.0%	6.0%	6.0%				6.0%	6.0%	6.0%			10.5%	10.5%	5.5%	5.5%	2.0%
1984	6.0%	4.0%	6.0%	6.0%	6.0%				6.0%	6.0%	6.0%			10.5%	7.25%	5.5%	5.5%	2.0%
1985	6.0%	4.0%	4.0%	6.0%	1.5%				6.0%	6.0%	1.5%			10.5%	7.25%	5.5%	5.5%	2.0%
1986	6.0%	4.0%	4.0%	6.0%	1.5%				6.0%	6.0%	1.5%			10.5%	7.25%	5.5%	5.5%	2.0%
1987	6.0%	4.0%	4.0%	2.0%	1.5%				6.0%	2.0%	1.5%			8.5%	5.25%	5.5%	5.5%	2.0%
1988	6.0%	4.0%	4.0%	2.0%	1.5%				6.0%	2.0%	1.5%			8.5%	5.25%	5.5%	4.0%	2.0%
1989	6.0%	4.0%	4.0%	2.0%	1.5%				6.0%	2.0%	1.5%			8.5%	5.25%	5.5%	2.0%	2.0%
1990	6.0%	4.0%	4.0%	2.0%	1.5%				6.0%	2.0%	1.5%			8.5%	5.25%	5.5%	2.0%	2.0%
1991	6.0%	4.0%	4.0%	2.0%	1.5%				6.0%	2.0%	1.5%			8.5%	5.25%	5.5%	0.0%	2.0%
1992	6.0%	4.0%	4.0%	2.0%	1.5%				6.0%	2.0%	1.5%			8.5%	5.25%	5.5%	0.0%	2.0%
1993	6.0%	4.0%	4.0%	2.0%	1.5%	2.0%	2.0%		6.0%	2.0%	1.5%	2.0%	2.0%	7.0%	3.75%	4.0%	0.0%	2.0%
1994	6.0%	4.0%	4.0%	2.0%	1.5%	2.0%	2.0%		6.0%	2.0%	1.5%	2.0%	2.0%	7.0%	3.75%	4.0%	0.0%	2.0%
1995	6.0%	4.0%	4.0%	2.0%	1.5%	2.0%	2.0%	1.5%	6.0%	2.0%	1.5%	2.0%	2.0%	7.0%	3.75%	4.0%	0-4.0%	2.0%
1996	6.0%	4.0%	4.0%	2.0%	1.5%	2.0%	2.0%	1.5%	6.0%	2.0%	1.5%	2.0%	2.0%	7.0%	3.75%	4.0%	0-4.0%	2.0%
1997	6.0%	4.0%	4.0%	2.0%	1.5%	2.0%	2.0%	1.5%	6.0%	2.0%	1.5%	2.0%	2.0%	7.0%	3.75%	4.0%	0-4.0%	2.0%
1998	6.0%	4.0%	4.0%	2.0%	1.5%	2.0%	2.0%	1.5%	6.0%	2.0%	1.5%	2.0%	2.0%	7.0%	3.75%	4.0%	0-4.0%	2.0%
1999	6.0%	4.0%	4.0%	2.0%		2.0%	2.0%	1.5%	6.0%	2.0%		2.0%	2.0%	7.0%	3.75%	4.0%	0-4.0%	2.0%
2000	6.0%	4.0%	4.0%			2.0%	2.0%	1.5%	6.0%			2.0%	2.0%	7.0%	3.75%	4.0%	0-4.0%	2.0%
2001	6.0%	4.0%	4.0%			2.0%	2.0%	1.5%	6.0%			2.0%	2.0%	7.0%	3.75%	4.0%	0-4.0%	2.0%
2002	6.0%	4.0%	4.0%			2.0%	2.0%	1.5%	6.0%			2.0%	2.0%	7.0%	3.75%	4.0%	0-4.0%	2.0%
2003	6.0%	4.0%	4.0%			2.0%	2.0%	1.5%	6.0%			2.0%	2.0%	7.0%	3.75%	4.0%	0-4.0%	2.0%
2004	6.0%	4.0%	4.0%			2.0%		1.5%	6.0%			2.0%		7.0%	3.75%	4.0%	0-4.0%	2.0%
2005	6.0%	4.0%	4.0%					1.5%	6.0%					7.0%	3.75%	4.0%	0-4.0%	2.0%
2006	6.0%	4.0%	4.0%					1.5%	6.0%					7.0%	3.75%	4.0%	0-4.0%	2.0%
2007	6.0%	4.0%	4.0%					1.5%	6.0%					7.0%	3.75%	4.0%	0-4.0%	2.0%
2008	6.0%	4.0%	4.0%					1.5%	6.0%					7.0%	3.75%	4.0%	0-4.0%	2.0%
2009	6.0%	4.0%	4.0%					1.5%	6.0%					7.0%	3.75%	4.0%	0-4.0%	2.0%
2010	6.0%	4.0%	4.0%					1.5%	6.0%					7.0%	3.75%	4.0%	4.0%	2.0%

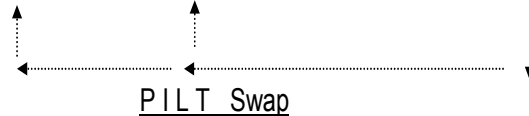
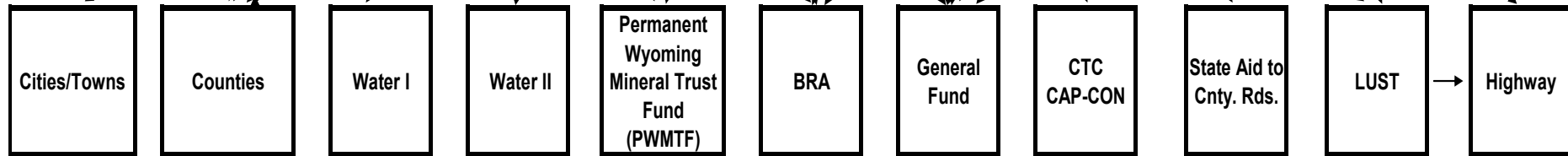
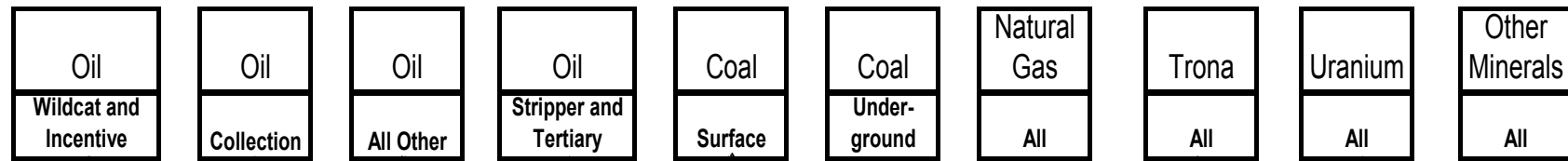
No severance tax assessed on 1980 production, because assessment changed from being based on prior year production to being based on current year production in 1981.



# “Old law” severance tax distribution

- Historically (prior to FY 2002), severance taxes were distributed to the specific accounts or entities for which they were “earmarked” (i.e. 2% of the trona severance tax was distributed to the state General Fund and the other 2% was distributed to the state Budget Reserve Account).
- This method, while creating a specified revenue stream for accounts and entities, resulted in a multitude of distribution methods that were specific to the particular mineral severance tax being distributed.
- It also resulted in severance tax distributions to specific accounts and entities which fluctuated with mineral prices and production levels.

# Distribution of severance taxes: "old law"



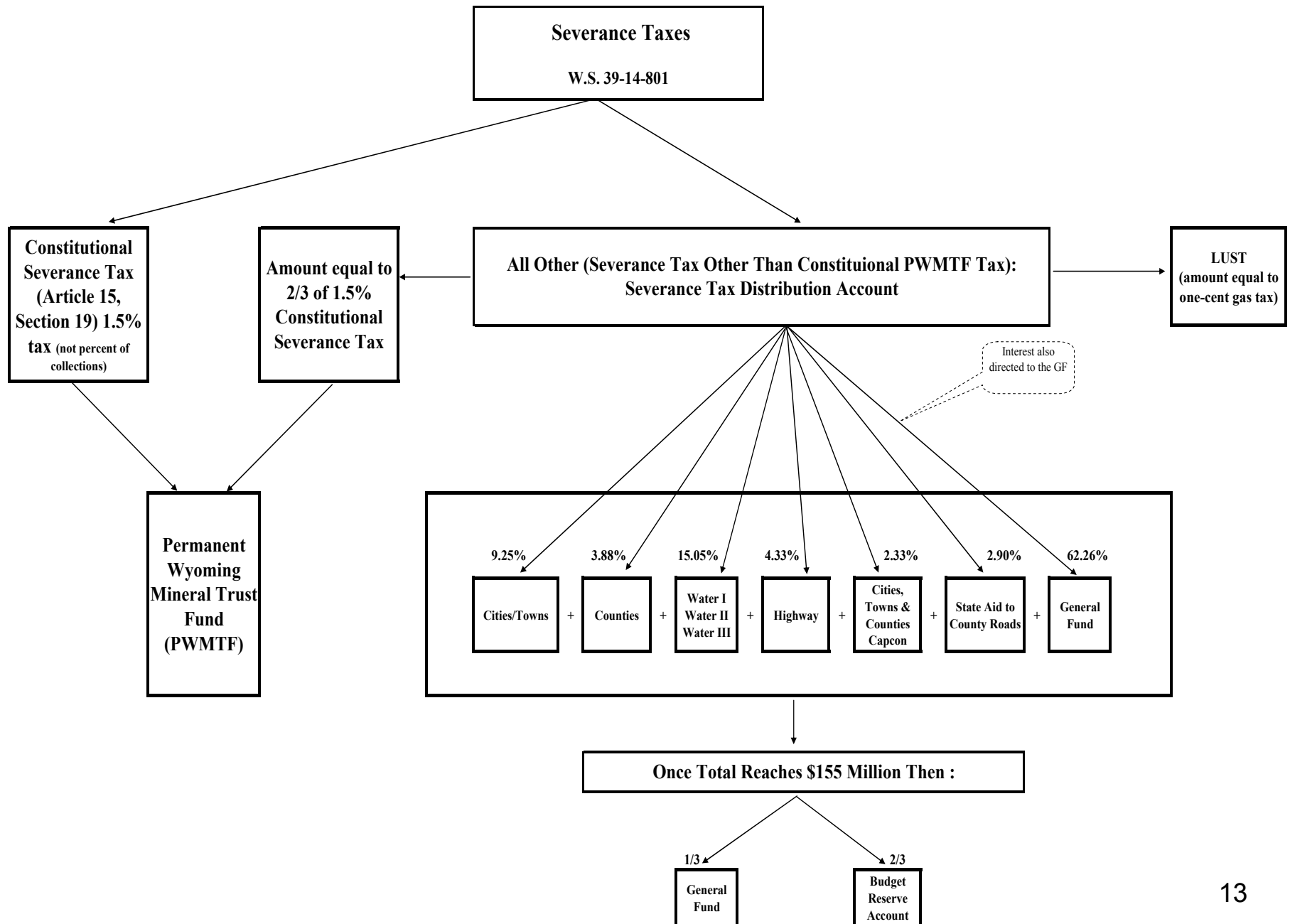
# “De-earmarking legislation”

- During the 2000 and 2001 legislative sessions, the Wyoming Legislature went through the process of revising the statutes regarding the distribution of severance taxes. This process has been referred to as “de-earmarking”.
- The distribution of Federal Mineral Royalties were also amended during the de-earmarking process, but were not changed dramatically.
- Also included in this new legislation was the ability for the state of Wyoming to distribute funds to local governments through direct appropriation.

# Current severance tax distribution

- Constitutional 1.5% of taxable value of oil, natural gas, and coal is distributed to the Permanent Wyoming Mineral Trust Fund (PWMTF).
- All other severance taxes are distributed to the Severance Tax Distribution Account (STDA).
- Before further distribution from STDA, an additional 1% is distributed to the PWMTF, and an amount equal to one-cent fuel tax is distributed to L.U.S.T. accounts.
- After the above distributions, up to \$155 million each fiscal year is distributed from the STDA to nine different accounts/entities.
- STDA amounts in excess of the \$155 million cap are distributed one-third to the state General Fund and two-thirds to the state Budget Reserve Account.

# Distribution of severance taxes: current law

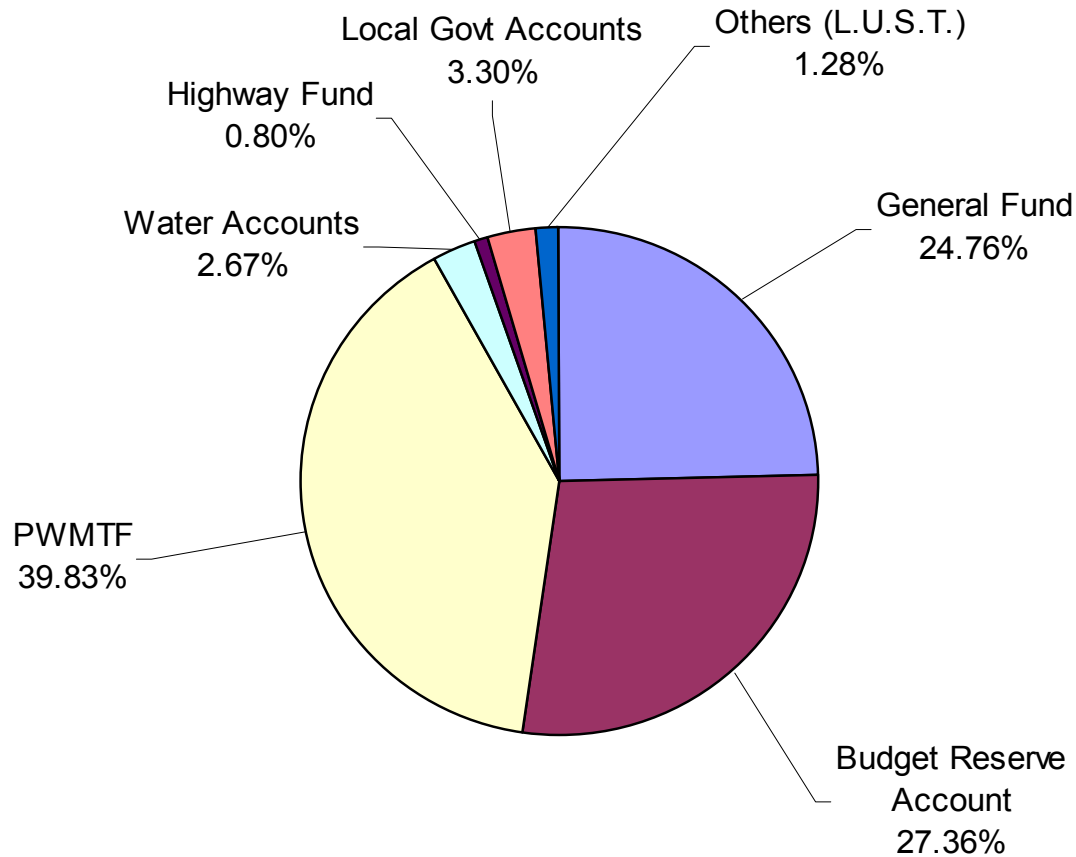


# Mineral Severance Taxes - Fiscal Year Distribution by Account

Fiscal Year	General Fund	Budget Reserve Acct	PWMTF	Water Accounts	Highway Fund	Cities and Towns	Counties	C.T.C. Cap Con	State Aid County Roads	L.U.S.T	Totals
Historical:											
2002	\$117,185,445	\$39,270,594	\$72,269,085	\$22,755,544	\$7,435,471	\$15,101,587	\$6,334,307	\$4,386,530	\$4,495,040	\$10,200,358	\$299,433,961
2003	\$149,549,109	\$105,317,276	\$104,690,345	\$22,566,411	\$6,950,287	\$14,628,852	\$6,136,020	\$4,400,000	\$4,500,000	\$10,387,922	\$429,126,222
2004	\$184,408,599	\$171,441,376	\$136,108,467	\$23,271,820	\$7,717,057	\$15,004,762	\$6,293,694	\$4,386,528	\$4,495,031	\$10,439,594	\$563,566,928
2005	\$225,275,895	\$251,580,640	\$176,579,787	\$22,845,343	\$7,958,111	\$15,671,001	\$6,573,145	\$4,386,525	\$4,495,025	\$11,291,382	\$726,656,854
2006	\$240,254,868	\$279,579,500	\$406,945,374	\$23,636,580	\$8,269,185	\$16,162,339	\$6,622,389	\$3,611,540	\$4,495,031	\$11,500,112	\$1,001,076,918
2007	\$213,964,458	\$228,678,827	\$346,588,461	\$24,306,775	\$8,159,373	\$15,410,957	\$6,371,940	\$3,611,545	\$4,495,042	\$12,211,542	\$863,798,920
2008	\$257,859,263	\$323,214,288	\$443,081,307	\$23,302,744	\$6,610,973	\$14,224,389	\$5,976,585	\$3,611,614	\$4,495,110	\$11,575,738	\$1,093,952,011
2009	\$217,580,767	\$240,383,694	\$350,004,682	\$23,416,264	\$7,065,973	\$14,736,265	\$6,147,028	\$3,611,541	\$4,495,030	\$11,211,918	\$878,653,162
Projected:											
2010	\$180,900,000	\$168,800,000	\$273,800,000	\$23,400,000	\$6,700,000	\$14,300,000	\$6,000,000	\$3,600,000	\$4,500,000	\$12,100,000	\$694,100,000
2011	\$184,200,000	\$175,300,000	\$285,500,000	\$23,400,000	\$6,700,000	\$14,300,000	\$6,000,000	\$3,600,000	\$4,500,000	\$12,300,000	\$715,800,000
2012	\$202,900,000	\$212,800,000	\$327,400,000	\$23,400,000	\$6,700,000	\$14,300,000	\$6,000,000	\$3,600,000	\$4,500,000	\$12,400,000	\$814,000,000
2013	\$226,600,000	\$260,200,000	\$379,000,000	\$23,400,000	\$6,700,000	\$14,300,000	\$6,000,000	\$3,600,000	\$4,500,000	\$12,600,000	\$936,900,000
2014	\$247,100,000	\$301,300,000	\$422,900,000	\$23,400,000	\$6,700,000	\$14,300,000	\$6,000,000	\$3,600,000	\$4,500,000	\$12,800,000	\$1,042,600,000

Information taken from Table 4 of January 2010 Consensus Revenue Estimating Group (CREG) forecast.

## Wyoming severance tax distributions: FY 2009\* (\$878.7 million total)



\* Percentage shares of total severance tax distributions vary from year to year based on individual mineral valuations and overall severance tax totals. FY 2009 is used for illustration, as it is the latest complete fiscal year for which information is available.

# Permanent Wyoming Mineral Trust Fund (PWMTF)

- PWMTF was created by constitutional amendment, effective December 12, 1974.
- Roughly 40% of all severance taxes are currently distributed to PWMTF.
- PWMTF corpus balance on June 30, 2009: \$4.26 billion.
- Investment earnings from PWMTF flow to state General Fund.
  - PWMTF investment earnings totaled \$135.26 million in FY 2009, representing 12.7% of total FY 2009 state General Fund revenues.
  - \$2.73 billion in investment earnings from PWMTF has been directed to state General Fund since creation of PWMTF in 1974.
  - Investment earnings from PWMTF in excess of the spending policy as defined by W.S. 9-4-719(d) are transferred from the General Fund to the PWMTF Reserve Account.
    - If balance of PWMTF Reserve Account exceeds 75% of spending policy, excess is transferred to PWMTF corpus. \$190.4 million has been transferred from PWMTF Reserve Account to PWMTF Corpus since inception of spending policy in FY 2001.
    - PWMTF also funded by direct appropriation (\$411.4 million since FY 2001).
    - Total of \$601.8 million transferred to PWMTF corpus from these two sources.
- Beginning in FY 2009, net realized capital losses are deferred and carried forward to future years until offset by net realized capital gains.



**Permanent Wyoming Mineral Trust Fund History**  
**Corpus Balances, Revenues and Income to General Fund**  
**Fiscal Years 1975 through 2009**

<b>Fiscal Year</b>	<b>PWMTF Corpus Beg. Balance July 1</b>	<b>revenue directed to the PWMTF</b>	<b>direct approp. to the PWMTF (deferred loss)</b>	<b>PWMTF Corpus Ending Balance June 30</b>	<b>Annual PWMTF Income Directed to the GF</b>	<b>Cummulative PWMTF Income Directed to the GF</b>
1975	0	9,432,338		9,432,338	0	0
1976	9,432,338	19,428,952		28,861,290	342,153	342,153
1977	28,861,290	22,845,050		51,706,340	2,629,995	2,972,148
1978	51,706,340	26,806,288		78,512,628	3,483,189	6,455,337
1979	78,512,628	36,537,587		115,050,215	6,716,382	13,171,719
1980	115,050,215	40,680,788		155,731,003	11,992,117	25,163,836
1981	155,731,003	52,595,385		208,326,388	18,291,063	43,454,899
1982	208,326,388	128,545,202		336,871,590	26,121,955	69,576,854
1983	336,871,590	127,056,702		463,928,292	45,662,283	115,239,137
1984	463,928,292	126,052,632		589,980,924	56,461,948	171,701,085
1985	589,980,924	131,436,950		721,417,874	67,503,145	239,204,230
1986	721,417,874	124,573,236		845,991,110	72,422,463	311,626,693
1987	845,991,110	62,469,489		908,460,599	74,082,280	385,708,973
1988	908,460,599	58,617,467		967,078,066	72,641,330	458,350,303
1989	967,078,066	50,788,173		1,017,866,239	71,052,004	529,402,307
1990	1,017,866,239	56,348,413		1,074,214,652	86,158,060	615,560,367
1991	1,074,214,652	59,529,207		1,133,743,859	94,158,421	709,718,788
1992	1,133,743,859	53,234,067		1,186,977,926	92,724,655	802,443,443
1993	1,186,977,926	53,381,267		1,240,359,193	88,342,154	890,785,597
1994	1,240,359,193	76,178,105		1,316,537,298	86,042,101	976,827,698
1995	1,316,537,298	46,543,901		1,363,081,199	85,608,439	1,062,436,137
1996	1,363,081,199	44,144,889		1,407,226,088	86,526,776	1,148,962,913
1997	1,407,226,088	50,645,435		1,457,871,523	92,221,049	1,241,183,962
1998	1,457,871,523	64,055,864		1,521,927,387	101,277,447	1,342,461,409
1999	1,521,927,387	44,625,973		1,566,553,360	106,845,392	1,449,306,801
2000	1,566,553,360	62,778,772		1,629,332,132	117,485,136	1,566,791,937
2001	1,629,332,132	110,333,593	100,000,000	1,839,665,725	97,378,092	1,664,170,029
2002	1,839,665,725	74,167,206	50,000,000	1,963,832,931	90,510,496	1,754,680,525
2003	1,963,832,931	83,796,577	10,000,000	2,057,629,508	58,647,855	1,813,328,380
2004	2,057,629,508	144,762,854	50,000,000	2,252,392,362	98,110,315	1,911,438,695
2005	2,252,392,362	168,646,342	51,550,000	2,472,588,704	87,789,396	1,999,228,091
2006	2,472,588,704	405,979,787	89,854,270	2,968,422,761	123,952,616	2,123,180,707
2007	2,968,422,761	321,845,374	39,239,709	3,329,507,844	150,487,083	2,273,667,790
2008	3,329,507,844	355,988,461	211,125,137	3,896,621,442	321,357,789	2,595,025,579
2009	3,896,621,442	484,481,307	(118,886,938)	4,262,215,811	135,264,226	2,730,289,805

# Wyoming's county gross products tax

- Administered by Wyoming Department of Revenue, Mineral Tax Division (17 full-time employees)
- The county gross products tax is an ad valorem property tax based on the taxable value of minerals produced in previous calendar year.
  - reported to Department of Revenue on an annual gross products return (due by February 25<sup>th</sup>).
- Taxable value of previous calendar year's production is assessed by Department of Revenue and certified to county and tax district where produced by June 1st.
- 2009 assessment of 2008 mineral production totaled \$20.4 billion (69.8% of statewide total assessed valuation of \$29.2 billion).
- Counties bill and collect this tax directly from mineral taxpayers based on certified taxable value and applicable tax district mill levy.
- Ad valorem property taxes levied on 2008 mineral production are estimated at \$1.27 billion, (68.6% of total property taxes levied).
- The operator of the property (party responsible for day-to-day operation) is responsible for reporting their production by filing an annual gross products return, with one exception.
  - Oil and gas interest owners electing to take their share of production in-kind are responsible for reporting their share of production by filing an annual gross products return.

Total State Assessed Valuation

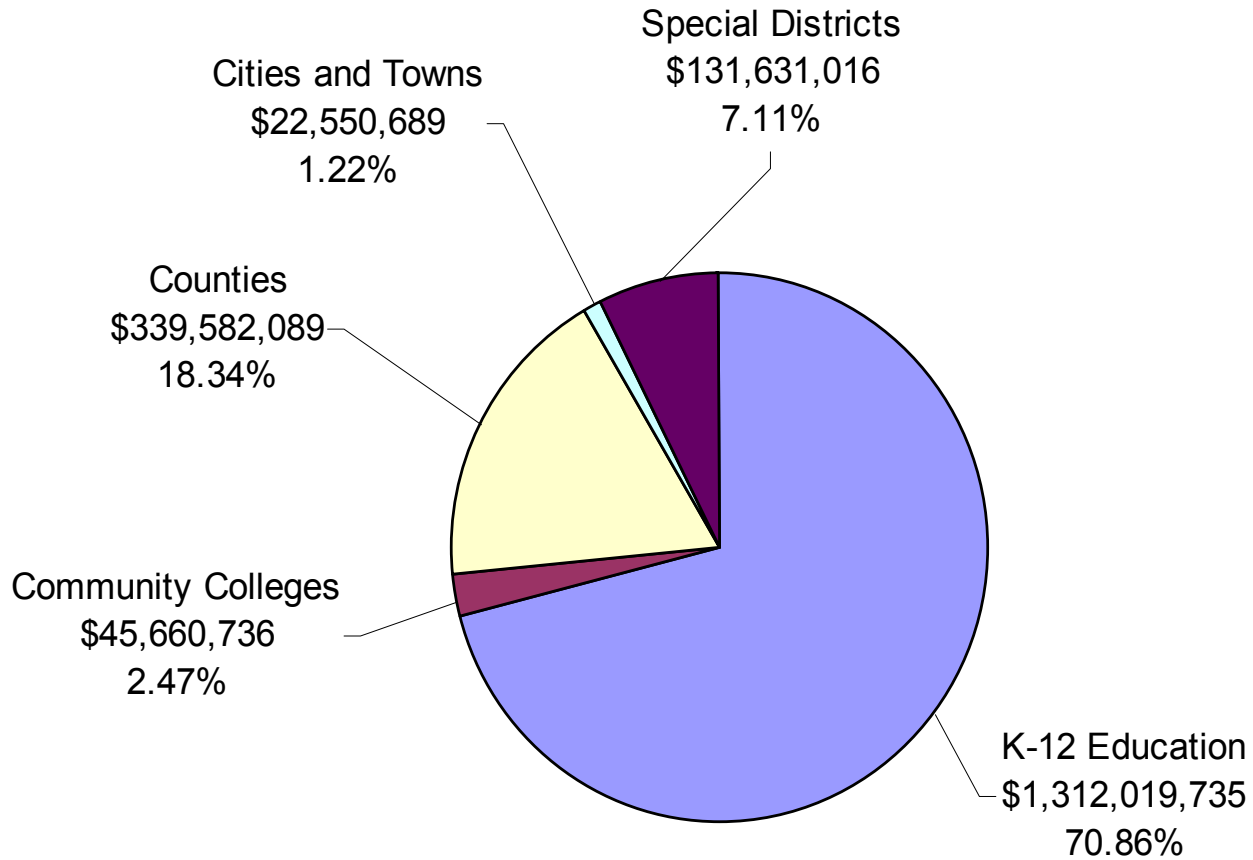
Calendar Year	Oil	Gas	Coal	Trona	Other Minerals	Minerals Totals	Other Property	Grand Totals
Historical:								
2001	\$1,080,018,231	\$3,882,089,465	\$1,506,337,295	\$209,191,934	\$61,089,137	\$6,738,726,062	\$4,430,580,865	\$11,169,306,927
2002	\$1,083,555,330	\$2,512,574,992	\$1,760,291,304	\$203,324,146	\$64,567,181	\$5,624,312,953	\$4,715,774,001	\$10,340,086,954
2003	\$1,244,211,776	\$5,265,135,004	\$1,846,983,332	\$195,203,377	\$64,488,534	\$8,616,022,023	\$5,063,514,295	\$13,679,536,318
2004	\$1,634,067,860	\$7,039,052,884	\$2,039,556,051	\$198,943,291	\$72,397,802	\$10,984,017,888	\$5,461,066,596	\$16,445,084,484
2005	\$2,152,842,718	\$10,134,180,366	\$2,280,138,621	\$255,216,361	\$83,997,233	\$14,906,375,299	\$6,072,284,471	\$20,978,659,770
2006	\$2,533,149,964	\$8,770,228,320	\$2,884,925,775	\$299,227,941	\$98,848,458	\$14,586,380,458	\$6,904,886,980	\$21,491,267,438
2007	\$2,843,196,944	\$7,271,144,479	\$3,279,547,772	\$339,684,701	\$111,630,388	\$13,845,204,284	\$8,053,126,913	\$21,898,331,197
2008	\$4,089,269,385	\$12,003,450,988	\$3,760,527,297	\$427,193,253	\$116,440,939	\$20,396,881,862	\$8,822,651,321	\$29,219,533,183
Projected:								
2009	\$2,239,900,000	\$5,019,700,000	\$3,711,900,000	\$368,900,000	\$97,000,000	\$11,437,400,000	\$8,822,700,000	\$20,260,100,000
2010	\$2,414,100,000	\$5,354,300,000	\$3,166,300,000	\$297,200,000	\$98,700,000	\$11,330,600,000	\$8,822,700,000	\$20,153,300,000
2011	\$2,579,300,000	\$6,441,400,000	\$2,882,600,000	\$297,200,000	\$107,000,000	\$12,307,500,000	\$8,999,200,000	\$21,306,700,000
2012	\$2,952,100,000	\$8,428,900,000	\$2,910,700,000	\$300,700,000	\$107,000,000	\$14,699,400,000	\$9,179,200,000	\$23,878,600,000
2013	\$3,301,400,000	\$9,623,000,000	\$3,100,000,000	\$306,000,000	\$107,000,000	\$16,437,400,000	\$9,362,800,000	\$25,800,200,000
2014	\$3,632,700,000	\$10,884,600,000	\$3,292,400,000	\$311,300,000	\$107,000,000	\$18,228,000,000	\$9,550,100,000	\$27,778,100,000

Information taken from Table 9 of January 2010 Consensus Revenue Estimating Group (CREG) forecast.

# Ad valorem property taxes levied

<b>Ad valorem taxes</b> <b>W.S. 39-13-111</b>	Ad valorem taxes are not collected, pooled, and distributed similar to many other major revenue sources. Therefore, this graphic shows the imposition, rather than distribution, of property taxes.		<b>2009 assessed value</b> 29,219,533,183
			property taxes levied
	→ <b>School Foundation Program: statewide 12 mills</b>	350,634,396	to state
	→ <b>Local School Districts: 6 mill mandatory county levy; 25 mill mandatory school district levy; optional BOCES and recreation levies; and mills necessary for debt repayment</b>	905,805,529	mandatory
		55,579,810	optional
	→ <b>Community Colleges: maximum 10 mill limit plus mills necessary for debt repayment</b>	45,660,736	in 7 of 23 counties
	→ <b>Counties: not to exceed 12 mill limit plus mills necessary for debt repayment</b>	339,582,089	
	→ <b>Cities and Towns: not to exceed 8 mill limit plus mills necessary for debt repayment</b>	22,550,689	
→ <b>Special Districts: Multiple limitations based on type of district, see W.S. 39-13-104(e) and (f)</b>	131,631,016		
grand total			<u>1,851,444,265</u>

**Total ad valorem property taxes levied on statewide assessed value:  
tax year 2009 (\$1.8514 billion total)**



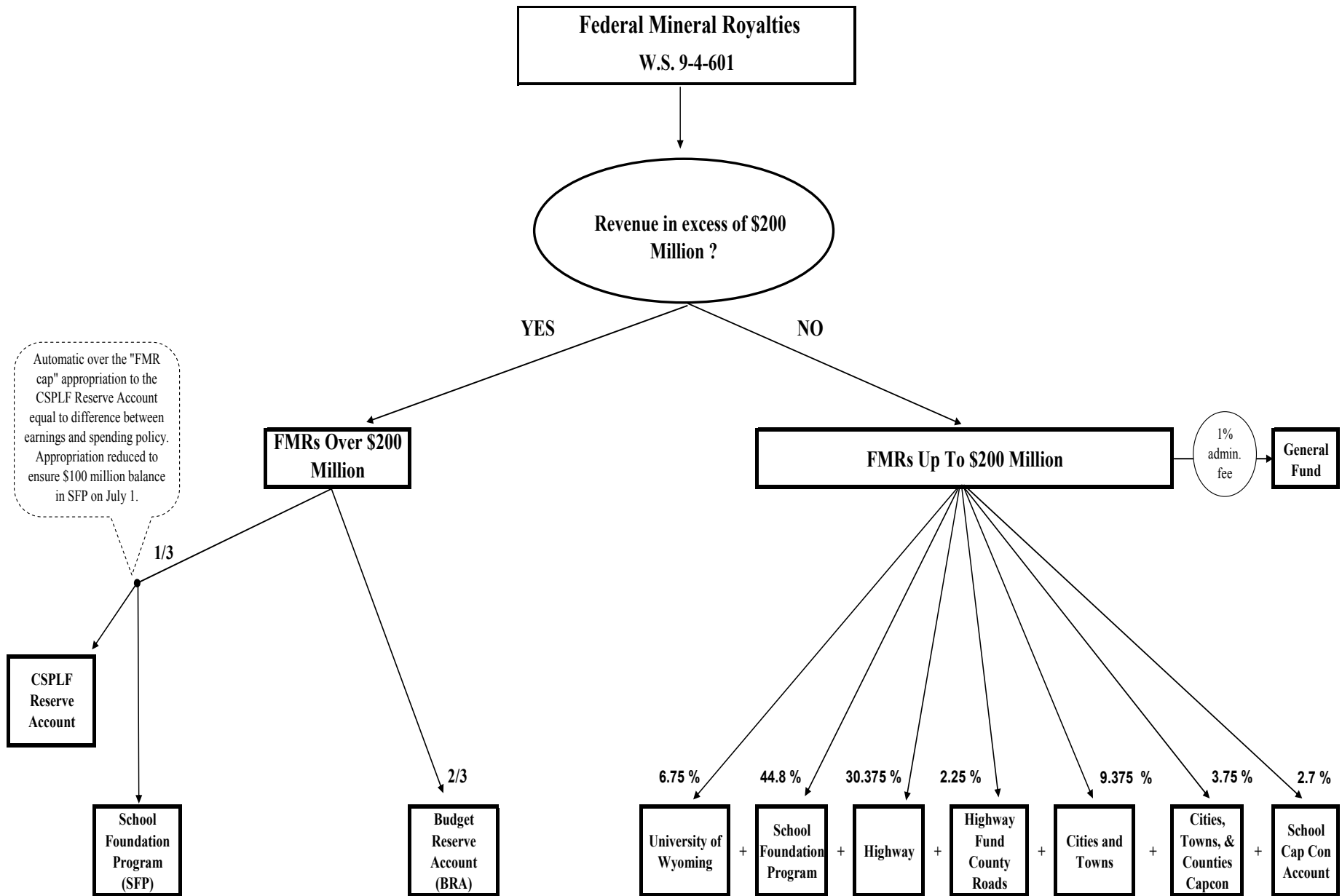
# Wyoming's Share of Federal Mineral Royalties (FMRs)

- A significant percentage of Wyoming mineral production comes from federal lands.
- 2009 Wyoming mineral production from federal lands
  - 33.4 million barrels of crude oil (65.0% of statewide total)
  - 1.9 billion mcf of natural gas (75.3% of statewide total)
  - 376.4 million tons of coal (87.3% of statewide total)
- The Minerals Management Service (MMS), a bureau of the U.S. Department of Interior, collects Federal Mineral Royalties (FMRs) on mineral production taken from federal lands.
- Most states (including Wyoming) receive 50% of FMRs from MMS, less a deduction for “net receipts sharing”.
  - “Net receipts sharing” was enacted through Federal budget legislation in December 2007 to deduct 2% from the states’ 50% share of FMR’s.
- Wyoming’s share of FMRs is received by the State Treasurer’s Office. Over \$835.9 million received in FY 2009.
  - “Net receipts sharing” deduction from Wyoming’s share of FY 2009 FMR’s is estimated at roughly \$17.06 million.

# Distribution of Wyoming's Share of Federal Mineral Royalties (FMRs)

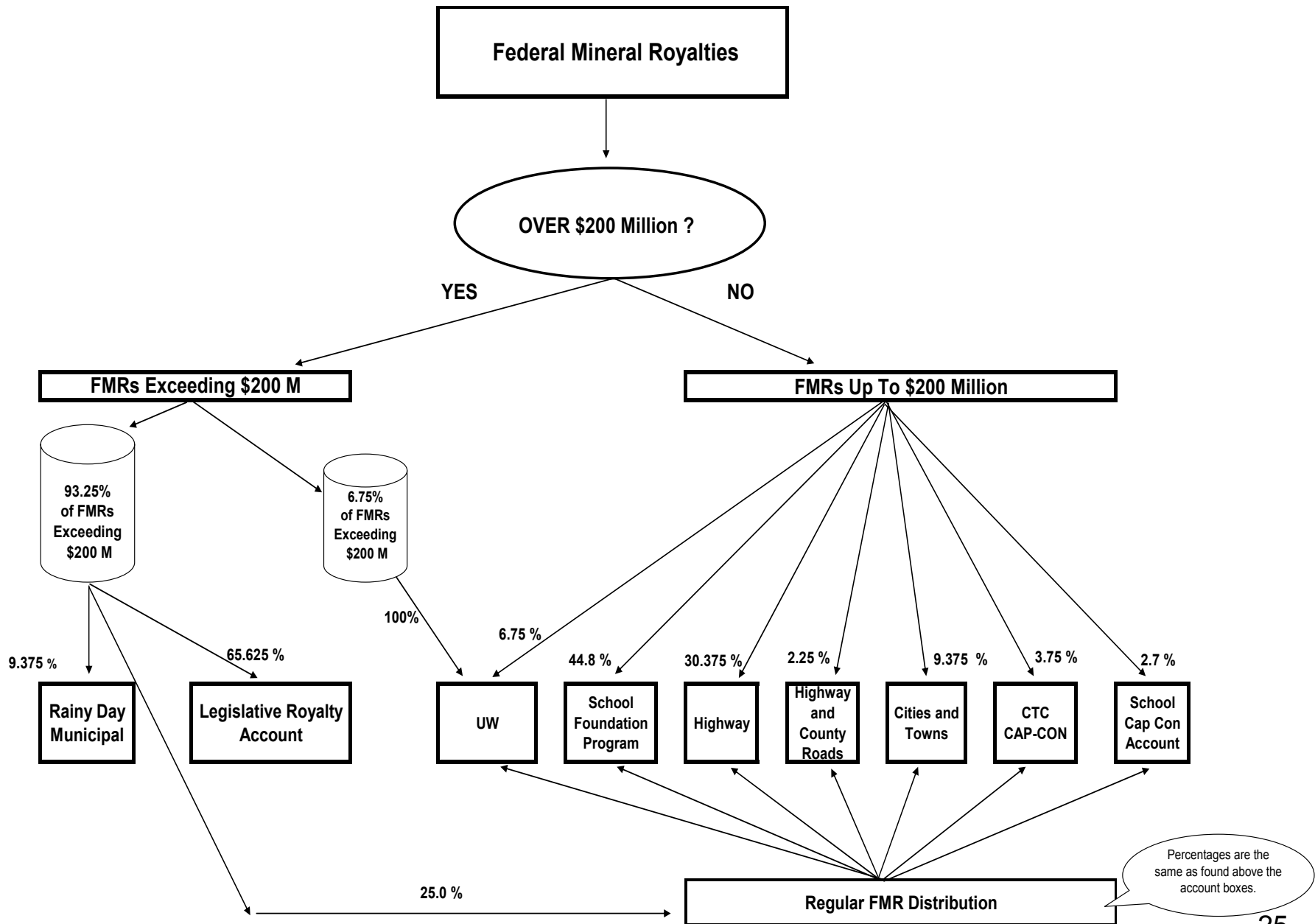
- Wyoming's share of FMRs is distributed by the State Treasurer's Office in accordance with W.S. 9-4-601.
- The first \$200 million received in the fiscal year is distributed to seven different accounts/entities, with one percent (\$2 million) deposited to the state General Fund for administration.
- FMRs in excess of \$200 million are distributed one-third to School Foundation Program (SFP) and two-thirds to Budget Reserve Account.
- In FY 2005 through FY 2008, FMRs over the \$200 million cap distributed to SFP were diverted 79% to the Hathaway Student Scholarship Endowment Fund and 21% to the Excellence in Higher Education Endowment Fund.
  - These diversions continued until the balance of the Hathaway Student Scholarship Endowment Fund reached \$400 million and total distributions to the Excellence in Higher Education Endowment Fund reached \$105 million.
  - The amounts of these diversions were limited as necessary to ensure \$100 million balance in the SFP on July 1 each year.
- Beginning in FY 2009, FMRs over the \$200 million cap distributed to the SFP are diverted to the Common School Permanent Land Fund (CSPLF) Reserve Account. Diversion is equal to the amount that investment earnings from the CSPLF exceed the spending policy, as defined in W.S. 9-4-719(h).
  - No funds were diverted from SFP under this provision in FY 2009.
  - The amount of this diversion is limited as necessary to ensure \$100 million balance in the SFP on July 1 each year.
  - This spending policy diversion replaced a spending policy diversion from the General Fund to the CSPLF Reserve Account enacted in FY 2001.

# Distribution of Federal Mineral Royalties (FMRs): Current Law





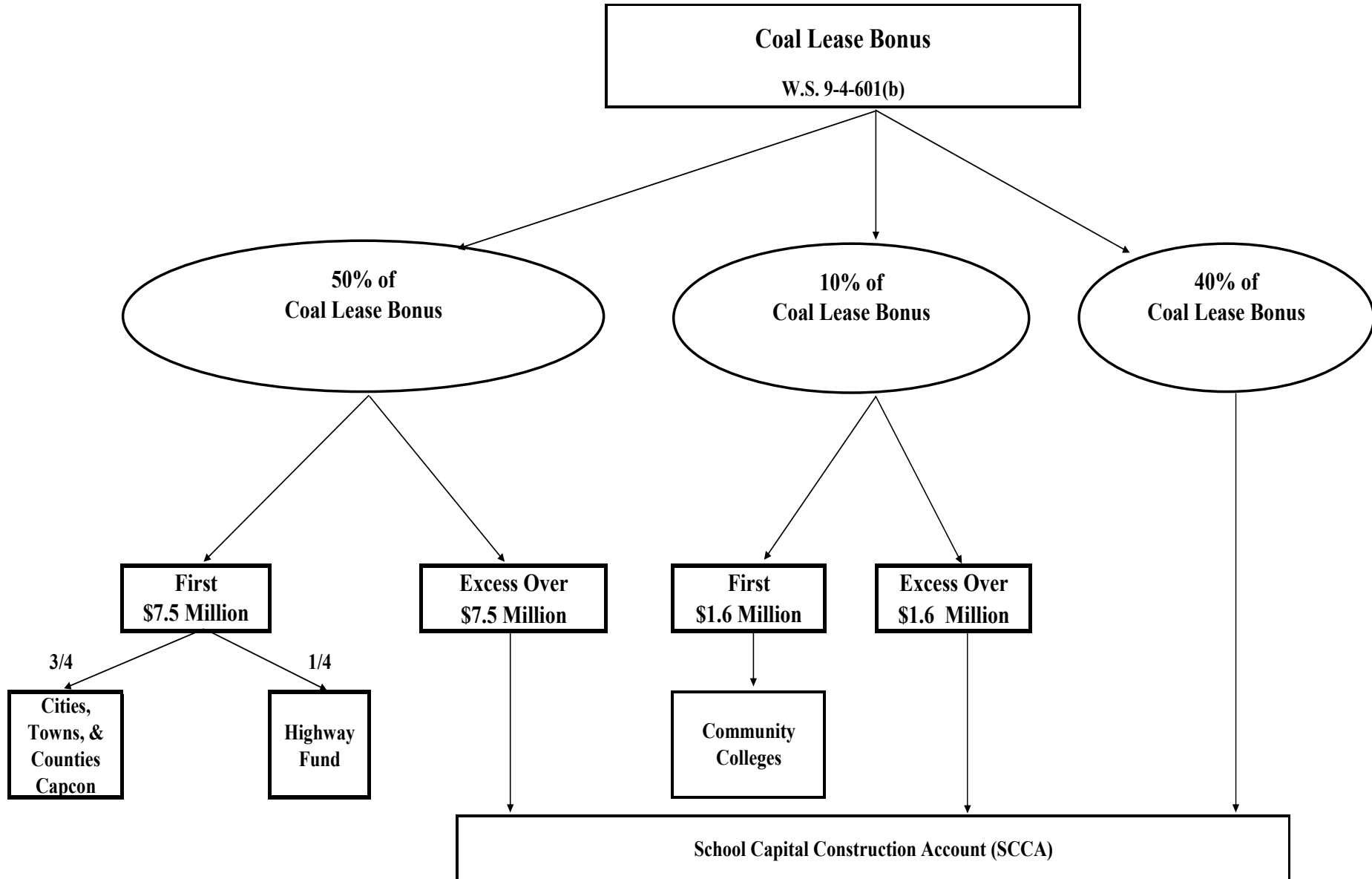
# Distribution of Federal Mineral Royalties (FMRs): “Old Law”



# Wyoming's Share of Coal Lease Bonuses

- Coal lease bonuses are initially paid to the U.S. Dept. of Interior, Bureau of Land Management (BLM) for coal mining leases on federal lands.
- Federal coal leases are offered through a competitive bidding process by the BLM, and sold to the highest bidder at public auction. The highest bid must meet or exceed the lease's fair market value, as determined by BLM.
- Coal lease bonuses are typically paid by lessees in five annual installments.
- Coal lease bonus revenue is not included in the State's revenue forecast until the coal lease sale is final, and the first payment is received.
- The Minerals Management Service (MMS) also collects coal lease bonuses from coal producers who are issued Federal coal leases.
- States also receive 50% of coal lease bonuses from MMS, less the 2% deduction for "net receipts sharing".
- Coal lease bonuses are a significant source of revenue for Wyoming. Over \$213.6 million in coal lease bonus revenue was received by the State Treasurer's Office in FY 2009.
  - "Net receipts sharing" deduction from Wyoming's share of FY 2009 coal lease bonus revenue is estimated at roughly \$4.36 million.
- Wyoming's share of coal lease bonuses are distributed by the State Treasurer's Office in accordance with W.S. 9-4-601(b).
- Coal lease bonuses are distributed to four different accounts/entities, with the majority distributed to Wyoming's School Capital Construction Account (\$204.5 million in FY 2009).

# Distribution of Coal Lease Bonuses: Current Law



# Coal Lease Bonuses - Distributions

Fiscal Year	C.T.C. Cap Con	Highway Fund	School Cap Con	Community Colleges	Total
Historical:					
2002	\$5,625,000	\$1,875,000	\$67,797,236	\$1,600,000	\$76,897,236
2003	\$5,625,000	\$1,875,000	\$64,534,327	\$1,600,000	\$73,634,327
2004	\$5,625,000	\$1,875,000	\$38,168,047	\$1,600,000	\$47,268,047
2005	\$5,625,000	\$1,875,000	\$207,775,806	\$1,600,000	\$216,875,806
2006	\$5,625,000	\$1,875,000	\$198,653,794	\$1,600,000	\$207,753,794
2007	\$5,625,000	\$1,875,000	\$160,703,329	\$1,600,000	\$169,803,329
2008	\$5,625,000	\$1,875,000	\$175,791,080	\$1,600,000	\$184,891,080
2009	\$5,625,000	\$1,875,000	\$204,530,037	\$1,600,000	\$213,630,037
Projected:					
2010	\$5,600,000	\$1,900,000	\$38,100,000	\$1,600,000	\$47,200,000
2011	\$5,600,000	\$1,900,000	\$38,100,000	\$1,600,000	\$47,200,000
2012	\$5,600,000	\$1,900,000	\$38,100,000	\$1,600,000	\$47,200,000
2013	\$5,600,000	\$1,900,000	\$20,200,000	\$1,600,000	\$29,300,000
2014	unknown	unknown	unknown	unknown	unknown

Historical coal lease bonus information provided by Wyoming State Treasurer's Office.

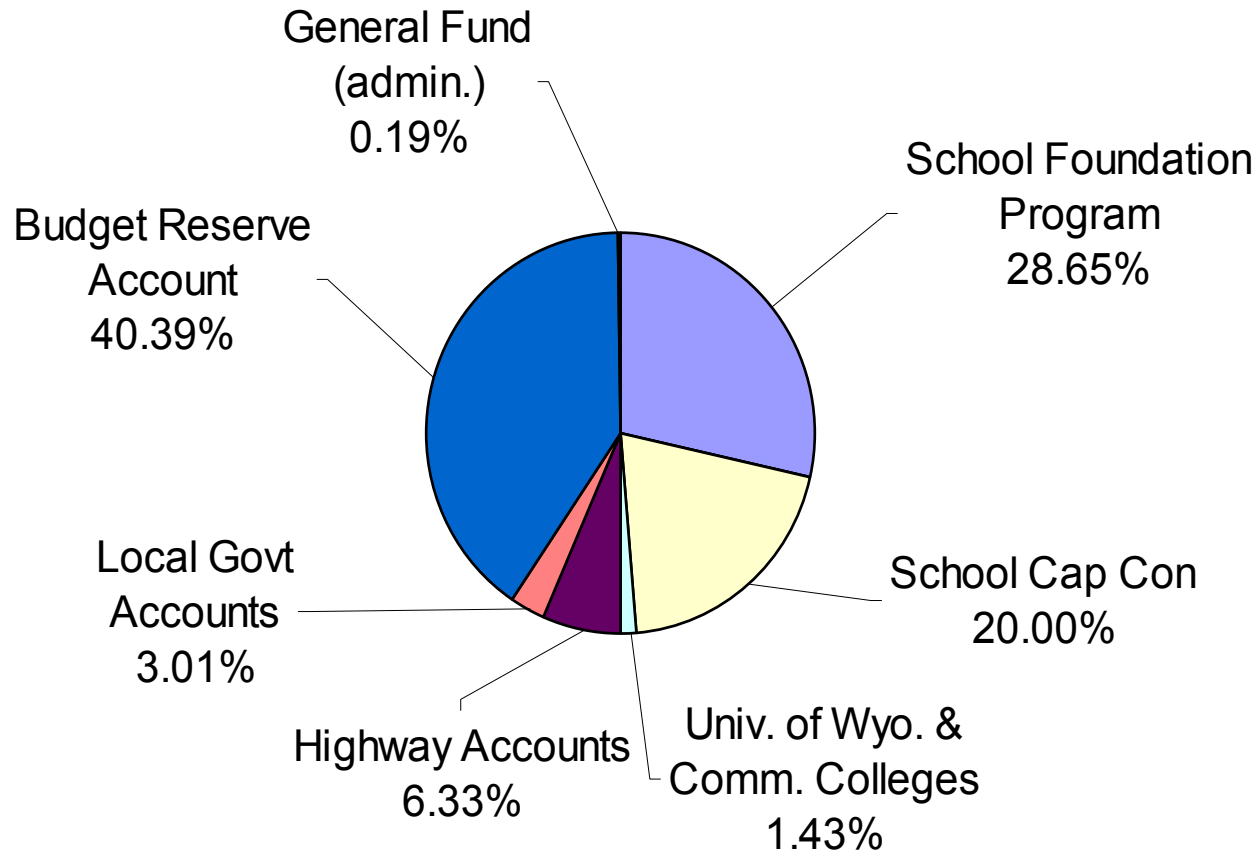
Projected coal lease bonuses taken from October 2009 Consensus Revenue Estimating Group (CREG) forecast.

Federal Mineral Royalties (Including Coal Lease Bonuses) - Fiscal Year Distribution by Account

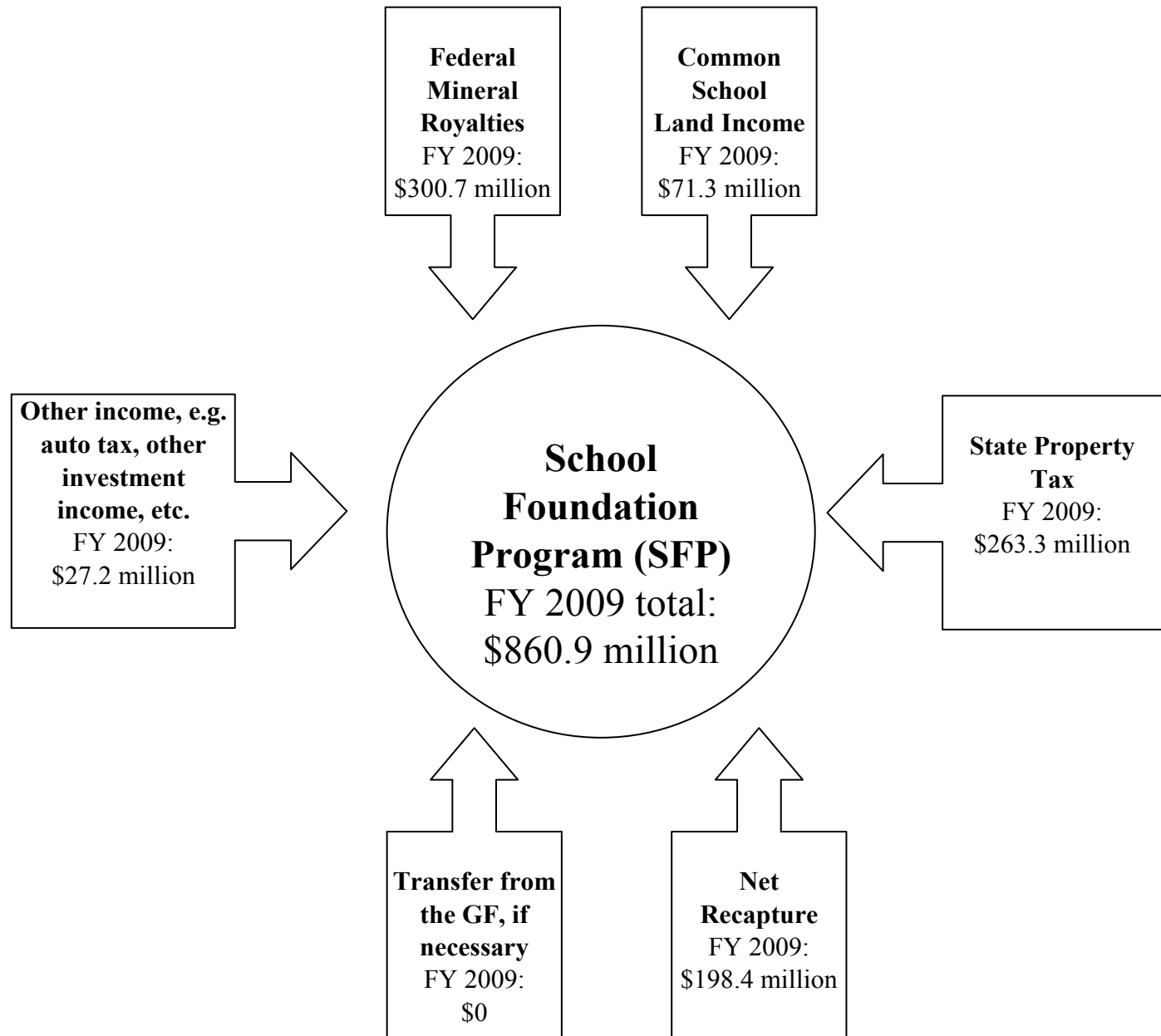
Fiscal Year	University of Wyoming	School Foundation	Highway Fund	Highway Fund County Roads	Cities and Towns	C.T.C. Cap. Con	School Cap Con	Budget Reserve Account	Community Colleges	Transportation Enterprise & Endowments	General Fund Administrative	Totals
Historical:												
2002	\$13,365,000	\$132,342,234	\$35,059,328	\$4,455,000	\$18,562,500	\$13,050,000	\$73,143,236	\$47,829,775	\$1,600,000	\$7,242,000	\$2,000,000	\$348,649,073
2003	\$13,365,000	\$156,262,611	\$62,017,500	\$4,455,000	\$18,562,500	\$13,050,000	\$69,880,327	\$135,076,695	\$1,600,000	\$0	\$2,000,000	\$476,269,633
2004	\$13,365,000	\$191,090,662	\$62,017,500	\$4,455,000	\$18,562,500	\$13,050,000	\$43,514,047	\$204,711,904	\$1,600,000	\$0	\$2,000,000	\$554,366,613
2005	\$13,365,000	\$201,172,871	\$62,017,500	\$4,455,000	\$18,562,500	\$13,050,000	\$213,121,806	\$285,903,765	\$1,600,000	\$30,525,901	\$2,000,000	\$845,774,343
2006	\$13,365,000	\$88,704,000	\$62,017,500	\$4,455,000	\$18,562,500	\$13,050,000	\$203,999,794	\$440,092,088	\$1,600,000	\$220,112,064	\$2,000,000	\$1,067,957,946
2007	\$13,365,000	\$88,704,000	\$62,017,500	\$4,455,000	\$18,562,500	\$13,050,000	\$166,049,329	\$371,530,742	\$1,600,000	\$185,821,106	\$2,000,000	\$927,155,177
2008	\$13,365,000	\$287,243,293	\$62,017,500	\$4,455,000	\$18,562,500	\$13,050,000	\$181,137,080	\$534,000,228	\$1,600,000	\$68,540,929	\$2,000,000	\$1,185,971,530
2009	\$13,365,000	\$300,714,799	\$62,017,500	\$4,455,000	\$18,562,500	\$13,050,000	\$209,876,037	\$423,895,060	\$1,600,000	\$0	\$2,000,000	\$1,049,535,896
Projected:												
2010	\$13,400,000	\$232,500,000	\$62,000,000	\$4,500,000	\$18,600,000	\$13,100,000	\$43,500,000	\$287,600,000	\$1,600,000	\$0	\$2,000,000	\$678,800,000
2011	\$13,400,000	\$237,300,000	\$62,000,000	\$4,500,000	\$18,600,000	\$13,100,000	\$43,500,000	\$297,200,000	\$1,600,000	\$0	\$2,000,000	\$693,200,000
2012	\$13,400,000	\$264,200,000	\$62,000,000	\$4,500,000	\$18,600,000	\$13,100,000	\$43,500,000	\$351,000,000	\$1,600,000	\$0	\$2,000,000	\$773,900,000
2013	\$13,400,000	\$297,800,000	\$62,000,000	\$4,500,000	\$18,600,000	\$13,100,000	\$25,500,000	\$418,300,000	\$1,600,000	\$0	\$2,000,000	\$856,800,000
2014	\$13,400,000	\$326,000,000	\$60,100,000	\$4,500,000	\$18,600,000	\$7,400,000	\$5,300,000	\$474,600,000	\$0	\$0	\$2,000,000	\$911,900,000

Information taken from Table 7 of January 2010 Consensus Revenue Estimating Group (CREG) forecast.

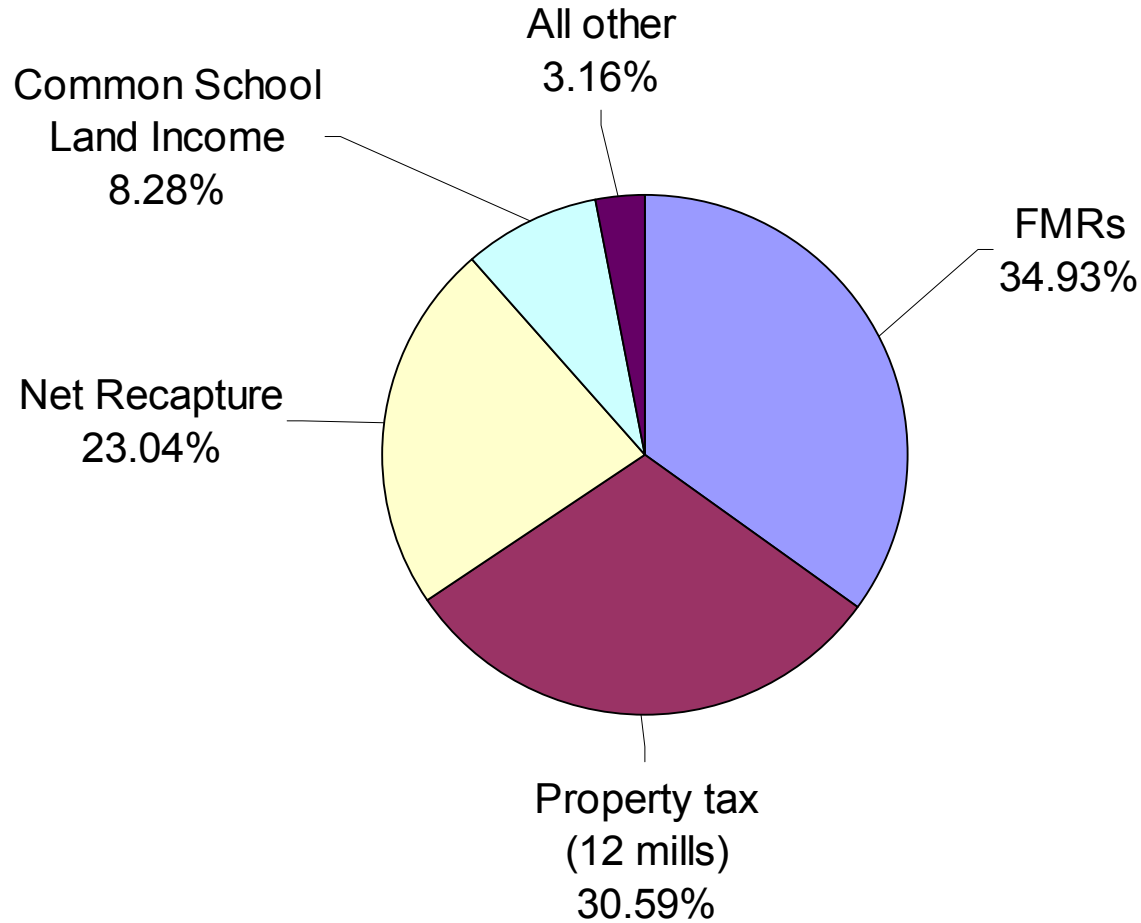
**FMR and Coal Lease Bonus Distributions: FY 2009**  
**(\$835.9 million FMRs, \$213.6 million coal lease bonus,**  
**\$1.0495 billion total)**



# Distribution of Revenues to School Foundation Program (SFP): “Current Law”

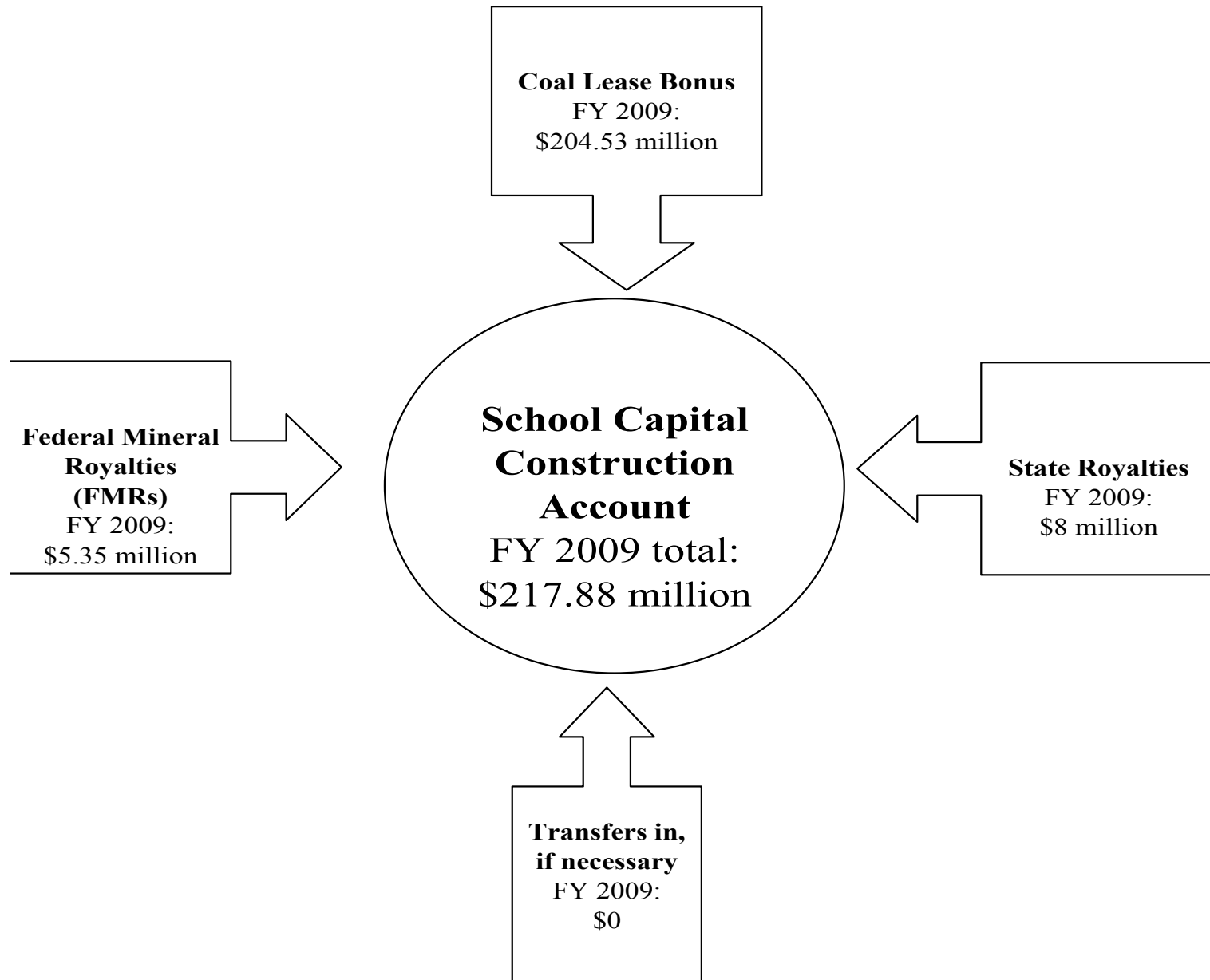


## School Foundation Program (SFP) Revenues: FY 2009 (\$860.9 million total)

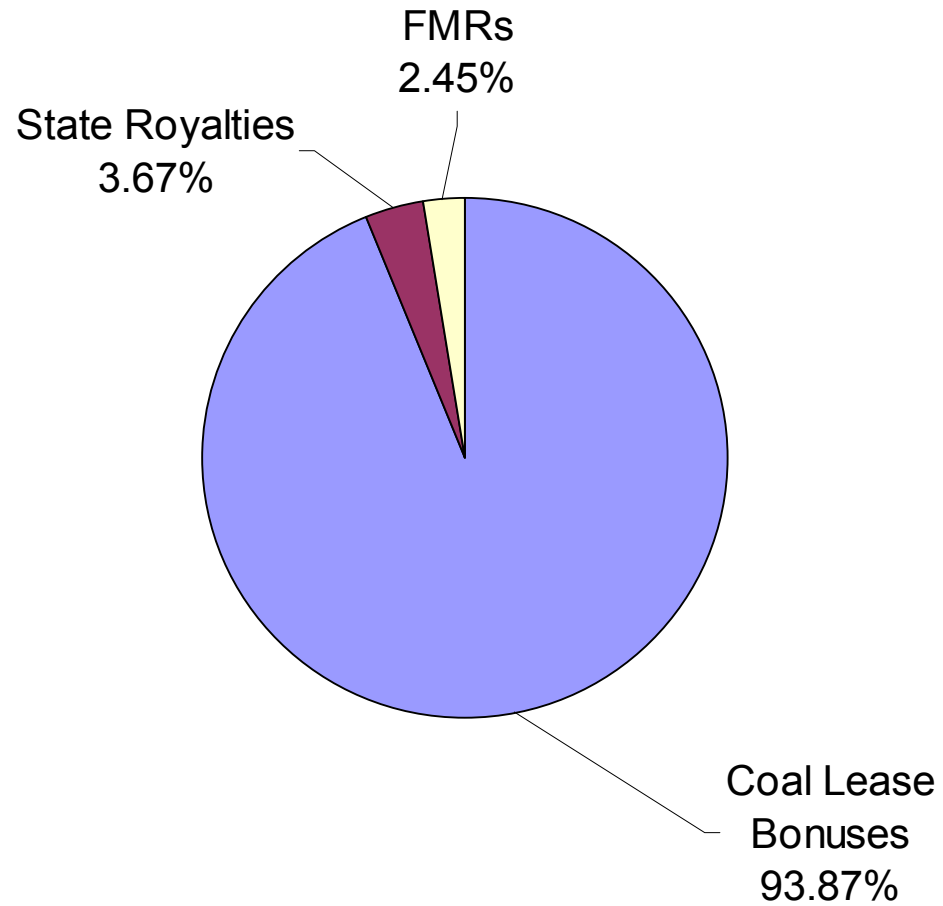




# Distribution of Revenues to School Capital Construction Account: “Current Law”



# School Capital Construction Account Revenues: FY 2009 (\$217.88 million total)



# Sharing Resources with Local Governments

- Wyoming has historically shared its revenues with local governments through distributions of state sales & use taxes, severance taxes and Federal Mineral Royalties (FMRs) to cities, towns, and counties.
- Distributions of severance taxes to cities, towns, and counties began in FY 1982.
  - Cities, towns, and counties currently receive severance tax distributions totaling \$24.8 million per fiscal year (\$49.6 million per fiscal biennium).
- Distributions of FMRs to counties began in 1921, shortly after the passage of the “Mineral Leasing Act of 1920”. Direct distributions of FMRs to cities and towns began in FY 1977.
  - Cities and towns currently receive FMR distributions totaling \$18.6 million per year (\$37.2 million per fiscal biennium).
  - FMR distributions to counties were discontinued in FY 1995, in order to maximize federal Payments in Lieu of Taxes (PILT). This decrease was offset by an increase in severance tax distributions (known as PILT swap).
- Severance taxes and FMRs are also distributed to the Local Government Capital Construction Account. These distributions fund grants from the State Loan & Investment Board (SLIB) to cities, towns, counties, and special districts through the Mineral Royalty Grant Program.
  - These distributions total \$16.7 million per fiscal year (\$33.4 million per fiscal biennium).

# Sharing Resources with Local Governments

## Severance Taxes and Federal Mineral Royalties (FMRs) Forecasted Distributions to and on Behalf of Local Governments 2011-12 Biennium

	2011-12 Biennium Severance tax	2011-12 Biennium FMRs	2011-12 Biennium totals
Cities & Towns	\$28,600,000	\$37,200,000	\$65,800,000
Counties	\$12,000,000	\$0	\$12,000,000
State Aid County Roads	\$9,000,000	\$0	\$9,000,000
totals	<hr/> \$49,600,000	<hr/> \$37,200,000	<hr/> \$86,800,000
Local Govt. CapCon. Account	\$7,200,000	\$26,200,000	\$33,400,000

Information taken from Table 5 and Table 8 of January 2010 Consensus Revenue Estimating Group (CREG) forecast.

# Sharing Resources with Local Governments

- The state of Wyoming also shares its revenues with local governments through direct appropriations (\$1.45 billion since FY 2001) to the following programs:
  - Direct distributions to cities, towns, and counties
  - Appropriations to various grant and loan programs
    - Mineral Royalty Grant Program (State Loan & Investment Board)
    - Business Ready Community Program (Wyoming Business Council)
    - Community Facilities Program (Wyoming Business Council)
- The Select Committee on Local Government Financing was created during the 2007 and 2009 legislative sessions. In September 2009, the select committee recommended that local governments be treated as an agency for budget development purposes by the Joint Appropriations Committee (JAC).
  - JAC makes recommendations to Governor by Nov. 1 each year for local government funding to be included in the budget.
  - \$179.35 million was appropriated for local government funding in the 2011-12 biennium during the 2010 Budget Session.

**Direct Distributions to Local Governments and Appropriations to Grant & Loan Programs  
2001-02 Biennium through 2011-12 Biennium**

<b>Direct Distributions</b>	<b>FY 2001-02</b>	<b>FY 2003-04</b>	<b>FY 2005-06</b>	<b>FY 2007-08</b>	<b>FY 2009-10</b>	<b>FY 2011-12 HB1</b>	<b>Total</b>
Distribution of Municipal Rainy Day Account, Ch. 209, 2001 Session Laws	\$41,594,812						\$41,594,812
Jobs & Growth Reconciliation Act of 2003 to cities and towns		\$2,885,214					\$2,885,214
Jobs & Growth Reconciliation Act of 2003 to counties		\$2,114,786					\$2,114,786
FY 2005-06 Distribution to cities and towns, Ch. 95, 2004 Session Laws			\$40,250,000				\$40,250,000
FY 2005-06 Distribution to counties, Ch. 95, 2004 Session Laws			\$17,250,000				\$17,250,000
FY 2006 Distribution to cities and towns, Ch. 191, 2005 Session Laws			\$15,325,000				\$15,325,000
FY 2006 Distribution to counties, Ch. 191, 2005 Session Laws			\$11,975,000				\$11,975,000
FY 2006 Distribution to county road funds, Ch. 191, 2005 Session Laws			\$6,100,000				\$6,100,000
FY 2007-08 Distribution to cities and towns, Ch. 35, 2006 Session Laws				\$59,833,333			\$59,833,333
FY 2007-08 Distribution to counties, Ch. 35, 2006 Session Laws				\$33,166,667			\$33,166,667
FY 2007-08 Distribution to counties for libraries, Ch. 35 2006 Session Laws				\$2,900,000			\$2,900,000
FY 2007-08 food tax exemption hold-harmless, Ch. 35, 2006 Session Laws				\$46,600,000			\$46,600,000
FY 2008 Distribution to cities and towns, Ch. 136, 2007 Session Laws				\$15,910,333			\$15,910,333
FY 2008 Distribution to counties, Ch. 136, 2007 Session Laws				\$9,205,167			\$9,205,167
FY 2009-10 Direct Distributions to cities and towns, Ch. 48, 2008 Session Laws					\$86,913,334		\$86,913,334
FY 2009-10 Direct Distributions to counties, Ch. 48, 2008 Session Laws					\$42,086,666		\$42,086,666
FY 2009-10 food tax exemption hold harmless, Ch. 48, 2008 Session Laws					\$20,000,000		\$20,000,000
FY 2010 5% budget reduction in direct distribution to cities, towns and counties					(\$3,225,000)		(\$3,225,000)
FY 2011-12 Direct Distributions to cities and towns (historical allocations)						\$56,701,003	\$56,701,003
FY 2011-12 Direct Distributions to counties (historical allocations)						\$30,755,557	\$30,755,557
<b>Total Direct Distributions</b>	<b>\$41,594,812</b>	<b>\$5,000,000</b>	<b>\$90,900,000</b>	<b>\$167,615,500</b>	<b>\$145,775,000</b>	<b>\$87,456,560</b>	<b>\$538,341,872</b>
<b>GF, BRA, and S4 Appropriations to SLIB Grant Program</b>	<b>FY 2001-02</b>	<b>FY 2003-04</b>	<b>FY 2005-06</b>	<b>FY 2007-08</b>	<b>FY 2009-10</b>	<b>FY 2011-12 HB1</b>	<b>Total</b>
Appropriations from Local Government CapCon Account (S4)	\$38,500,000	\$35,000,000	\$35,000,000	\$33,400,000	\$33,400,000	\$33,400,000	\$208,700,000
Local Govt. CapCon., Ch. 83, 2002 Session Laws		\$7,500,000					\$7,500,000
Local Govt. CapCon., Ch. 191, 2005 Session Laws			\$28,000,000				\$28,000,000
Local Govt. CapCon., Ch. 35, 2006 Session Laws			\$4,401,364	\$138,399,318			\$142,800,682
Impact Mitigation - Capital Projects, Ch. 136, 2007 session laws				\$6,534,500			\$6,534,500
County Block Allocations - Capital Projects, Ch. 136, 2007 session laws				\$18,665,500			\$18,665,500
Emergency Reserve - Capital Projects, Ch. 136, 2007 session laws				\$934,500			\$934,500
FY 2009-10 County Block Distribution - Capital Projects, Ch. 48, '08 Session Laws					\$191,000,000		\$191,000,000
FY 2009-10 Emergency Capital Project Grants, Ch. 48, 2008 Session Laws					\$10,000,000		\$10,000,000
Matching Grant Funds for Wamsutter Infrastructure, Ch. 159, 2009 Session Laws					\$3,500,000		\$3,500,000
Emergency Capital Project Grants, Ch. 159, 2009 Session Laws					\$4,700,000		\$4,700,000
<b>Total GF, BRA and S4 Appropriations to SLIB Grant Program</b>	<b>\$38,500,000</b>	<b>\$42,500,000</b>	<b>\$67,401,364</b>	<b>\$197,933,818</b>	<b>\$242,600,000</b>	<b>\$33,400,000</b>	<b>\$622,335,182</b>
<b>Total Direct Distributions and SLIB Grant Appropriations</b>	<b>\$80,094,812</b>	<b>\$47,500,000</b>	<b>\$158,301,364</b>	<b>\$365,549,318</b>	<b>\$388,375,000</b>	<b>\$120,856,560</b>	<b>\$1,160,677,054</b>
<b>GF Appropriations to Business Ready &amp; Comm. Facilities Programs</b>	<b>FY 2001-02</b>	<b>FY 2003-04</b>	<b>FY 2005-06</b>	<b>FY 2007-08</b>	<b>FY 2009-10</b>	<b>FY 2011-12 HB1</b>	<b>Total</b>
Business Ready Communities, Ch. 211, 2003 Session Laws		\$5,000,000					\$5,000,000
Business Ready Communities, Ch. 95, 2004 Session Laws			\$25,000,000				\$25,000,000
Business Ready Communities, Ch. 191, 2005 Session Laws			\$11,700,000				\$11,700,000
Community Facilities, Ch. 233, 2005 Session Laws			\$7,500,000				\$7,500,000
Business Ready Communities, Ch. 35, 2006 Session Laws			\$8,732,802	\$37,267,198			\$46,000,000
Community Facilities, Ch. 35, 2006 Session Laws				\$15,000,000			\$15,000,000
Business Ready Communities, Ch. 136, 2007 session laws				\$33,250,000			\$33,250,000
FY 2009-10 Business Ready Communities - Ch.048 , 2008 Session Laws					\$79,250,000		\$79,250,000
FY 2009-10 Community Facilities - Ch. 48, 2008 Session Laws					\$15,000,000		\$15,000,000
FY 2010 Budget reduction to Business Ready Community grants					(\$4,000,000)		(\$4,000,000)
FY 2010 Budget reduction to Community Facilities grants					(\$3,500,000)		(\$3,500,000)
FY 2011-12 Business Ready Communities						\$50,000,000	\$50,000,000
FY 2011-12 Community Facilities						\$8,500,000	\$8,500,000
<b>Total GF Appropriations to Bus. Ready &amp; Comm Fac. Programs</b>	<b>\$0</b>	<b>\$5,000,000</b>	<b>\$52,932,802</b>	<b>\$85,517,198</b>	<b>\$86,750,000</b>	<b>\$58,500,000</b>	<b>\$288,700,000</b>
<b>Total Direct Distributions and Grant Program Funding</b>	<b>\$80,094,812</b>	<b>\$52,500,000</b>	<b>\$211,234,166</b>	<b>\$451,066,516</b>	<b>\$475,125,000</b>	<b>\$179,356,560</b>	<b>\$1,449,377,054</b>